



A budget for everyone Fiscal Years 2022-23

Build a strong foundation for all

State lawmakers prioritized tax cuts and tax breaks and allowed inflation to erode public services for the past 15 years. As a result, too many Ohioans struggle to pay the rent because there's not enough affordable housing. Too many fail to complete college because of the high cost of tuition and fees. In too many places the trip to work on public transit takes too long because there are not enough buses.¹ Children struggle to learn to read in schools that don't have enough resources to meet their needs. Working families with low incomes depend on food pantries and other forms of aid to make ends meet but many make just a little too much to get help with the high cost of child care.² Too many children cannot participate in online schoolwork during this pandemic because there is no broadband in their home or community. Ohio has big, basic needs that some of our leaders have neglected too long.

Ohio lawmakers have made foundational commitments to pressing needs, like the H2Ohio program to clean the toxic, algae-infested waters of Lake Erie and other bodies of water throughout Ohio.³ An initial significant investment was followed with a commitment for ongoing funding, and the governor indicates he will propose such funding in the executive budget. Starting with this budget, lawmakers should lay the groundwork to phase in funding of additional foundational services listed here.

Learning for all

From cradle to career, Ohioans should have an education that prepares them for the future. We can give more kids a strong start by making sure working families can afford child care and by expanding eligibility for public pre-K. Our communities need excellent public schools that are fully funded. Quality of education shouldn't depend on the property values in neighborhoods. We need to change the way we fund public schools, distributing state resources equitably, so all our children have inspiring classrooms, no matter their ZIP code. Whether fresh out of high school or retooling for a new career, every Ohioan should have access to higher education or career training that doesn't result in a lifetime of debt.

Ensure excellent schools in every ZIP code

Recommendation: Leverage \$1.9 billion in public resources to fund K-12 education equitably and sufficiently

Agency: Ohio Department of Education

Line item: 200550

Ohio's school funding system relies too heavily on local property taxes, so in places where the plant closed, people moved out and property values fell, schools struggle and underserved students start out behind the curve. Moreover, the state funding formula is not based on the actual cost of educating a student. Bipartisan legislation passed in the most recent lame duck session by the House of Representatives in House Bill 305 would start to fix the problem. It would pump an additional \$1.9 billion into the system, which could start to create a system with an excellent public school in every ZIP code. The Senate did not pass the companion legislation (SB 376) so the issue will be taken up during the 2022-23 budget discussion. Funding for the new system may be phased in over time. Lawmakers could ensure sufficient funds by eliminating unnecessary tax breaks, restoring tax rates on the wealthiest Ohioans — deeply cut over the past 15 years — and making sure new and profitable industries are paying their fair share.

Help more Ohioans get a degree

Recommendation: Increase funding for higher education by at least \$415 million

Agency: Ohio Department of Higher Education

Line items: 235501 and 235563

The Minority Health Strike Force recommended investment to increase the number of Ohioans of color completing their college degrees. Lawmakers need to better fund classroom teaching through the State Share of Instruction (SSI) and the Ohio College Opportunity Grant (OCOG), the state's primary financial aid program, so more students, especially students of color and people from families of modest means, can attend and complete college without crushing student debt.

While the Ohio Office of Budget and Management has not yet released the requests of the cabinet for the 2022-23 budget, inadequate funding of SSI and OCOG has been a theme in former agency requests. In 2018, Chancellor John Carey urged the General Assembly to have "further discussions regarding the appropriate level of funding" for the State Share of Instruction. He also backed renewed debate about the funding of OCOG and "maximizing need-based financial aid" for the state's students.⁴

Policy Matters Ohio called for a 5% boost in funding for SSI for 2020-21 budget, but after cuts in 2020, and with deeper cuts projected for 2021, state funding for SSI will be less in the current biennium than in 2018-19.⁵ At a minimum, funding for SSI should rise by \$100 million a year (5%) in 2022 and 2023. OCOG funding should be restored to \$250 million, as it was in the budget for 2008-09. In addition, the state should restructure OCOG to make it a first-dollar grant that can be used along with federal Pell Grants and other assistance and allowing its use for education-related expenses aside from tuition and general fees. This would open up new opportunities at lower-cost public schools, which serve higher percentages of students of color, and those who have low incomes, 25 or older, or attend school part time. The state also should exclude private, for-profit schools from accessing OCOG money, although restoring the program's funding would allow the state to expand opportunity while maintaining aid for students at high-cost public and private non-profit schools.

Give more kids a good start

Recommendation: An additional \$130.7 million for high quality early education

Agency: Ohio Department of Education

Line item: 200408

High quality early education for 3- and 4-year-olds can set kids up for success in school and later in life.⁶ Yet too few children from families with low income attend a high quality public preschool. Ohio's early education program (funded at \$64.2 million in 2020) serves just 17,900 children each year.⁷ Just 11% of 4-year-olds from families with low incomes were enrolled in the 2018-19 school year, compared to a national average of 34%.⁸ An additional \$130.7 million per year would bring Ohio up to the national average for 4-year-olds,⁹ serving an additional 32,600 children. This would be a start, but much more funding and access is needed.

Healthy and sustainable communities

Health is more than health care. Everyone deserves fresh food, decent homes, clean water and safe neighborhoods. A healthy Ohio means reasonable regulations to keep our air and water clean. It means making sure people can get where they need to go in less-polluting, more efficient ways, including public transit, safely riding their bike or walking. It means affordable broadband services in unserved and underserved communities, so children can learn and business can be conducted. It means local public health systems with fully funded, foundational capability and capacity that is closely connected to a state public health system that fully meets basic needs. Ohio lawmakers need to restore state support of communities and counties in the 2022-23 budget as part of overall recovery plans.

Help local governments provide key services

Recommendation: Restore state revenue sharing to previous level of 3.68% of state general revenue for local governments

Line item: 110969

In Ohio, local governments pick up the tab for a far greater share of basic health and human services than in other states. State lawmakers created the sales tax so they could share revenues with communities to allow them to support "poor houses" and offer assistance to struggling people during the Depression. When Ohio lawmakers implemented an income tax in the 1970s, they shared the revenue with local governments. Ohio's local governments remained primarily responsible for services directly funded elsewhere by states: child protective services, public transit, domestic violence services and senior services. Some counties support these services with property tax levies. Others support them directly from their general fund budgets.

Starting in 2012, lawmakers cut in half the state’s revenue-sharing with local governments. They also eliminated the estate tax (which mostly supported cities), narrowed the sales tax base¹⁰ (which supports counties and transit agencies), and phased out tax reimbursements promised in 2005. Ohio’s local governments have lost over \$1 billion a year in state aid, adjusted for inflation, leaving locally funded services like public health, children’s protective services, domestic violence services and many others to strained local budgets. This is particularly harmful in the pandemic recession. At the minimum, state revenue-sharing through the local government fund should be restored to its previous level of 3.68% of state funds.

Make all homes lead safe

Recommendation: Increase funding for lead-free initiatives, including through the State Children’s Health Initiative Program (SCHIP) and Department of Health

Agency: Ohio Department of Health, Department of Medicaid

Line items: 440527, 440529, 440454, 440530, Medicaid lines and programs

There’s a third epidemic in Ohio, in addition to COVID and substance abuse: lead poisoning. It is a serious public health threat — especially to children — in urban and rural communities across the state.¹¹ The Minority Health Strike Force points out that the 2020-22 “State Health Improvement Plan” prioritizes reduction of chronic diseases including lead poisoning, which comes from lead paint in older homes and from water lines that contain lead.

Ohio’s operating budget for 2020-21 included up to \$8 million in state funds to address lead poisoning with outreach, treatment, new policies, regulations and partnerships;¹² overall funding was \$20 million. The Ohio Children’s Budget Coalition calls for doubling the funding of the program in the State Children’s Health Initiative Program (SCHIP); centralizing oversight in the Ohio Department of Health, with \$400,000 for initial funding; sustaining investment in local lead prevention efforts, including Cleveland’s Lead Safe Home Fund and Toledo’s program (\$2.1 million in GRF) and providing \$2 million for lead stabilization and abatement in the Lead Poisoning Prevention Fund, which was created in 2003 but never funded.¹³

Much more support is needed. Cleveland has wrestled for decades with how to deal with lead-based paint that lurks in an estimated 80% or more of the city’s older houses.¹⁴ Realtors estimated it could cost \$128 million to abate lead to acceptable levels in rental units in Cleveland alone.¹⁵ The Cleveland health department has a goal of raising \$90 million to help homeowners and small property owners — who make up the majority of the city’s landlords — to reduce lead poisoning.¹⁶ At the request of Senator Peggy Lehner, the Ohio Legislative Service Commission investigated ways of funding the lead paint abatement. The commission found Maine and New Jersey have a per-gallon fee on paint sold and dedicate some or all of those funds to childhood lead poisoning prevention; California assesses a fee to businesses in the petroleum industry, the paint and coatings industry, and facilities reporting releases of lead into the air; and Massachusetts collects surcharges from the licensure or certification of certain real estate-related professionals including mortgage lenders, insurance brokers, real estate agents, de-leading contractors, and private lead inspectors.¹⁷

Build a strong foundation for working families

Support more young Ohio families

Recommendation: Increasing funding for public child care by \$138 million

Agency: Ohio Department of Job and Family Services

Line items: 600535 and 600413

When children receive high quality early education, they are more likely be ready to learn in kindergarten. High-quality child care also helps parents, particularly moms, get and keep good jobs.¹⁸ But in Ohio, only 26% of Black children and 41% of all children start kindergarten ready to learn and too many working families can't afford high quality child care.¹⁹

The estimated monthly cost of child care in the Cleveland area is about \$8,000 per year.²⁰ Ohio uses federal TANF dollars and the Child Care Development Block Grant (CCDBG) to provide some assistance to families with the lowest incomes. The level of initial eligibility, at 130% of the federal poverty level, leaves out too many struggling families. A full-time worker with a small child who earns \$11.00 an hour (\$22,880 per year) would not be eligible for Ohio's child care assistance, yet the cost of child care would take up over a third of her annual income.

With an additional \$138 million, lawmakers could raise initial eligibility to 150% of poverty (\$25,860 or \$12.43 an hour for a working parent with one child) as promised by Governor DeWine in his campaign. This would support 67,400 more children in child care and help thousands of working parents.²¹ In the long term, the state needs to restore initial eligibility to 200% of poverty, as it was a decade ago.

Connect all Ohioans with broadband

Recommendation: Increase state funding to connect Ohioans to high speed internet services, and to help low-income families pay for connection

State lawmakers should ensure all communities have sufficient internet access and bandwidth for education, business and telehealth activities. Half of the households in Ohio's 32 Appalachian counties lack high-speed internet access; 27% of households in Cleveland had no internet access of any kind (including smartphones). It's similar in other cities and towns.²² Buckeye Hills Regional Council has called for state lawmakers to establish a phased-in fund of \$500 million to leverage federal dollars for Appalachian counties. It's a good start but insufficient, given the state-wide problem.²³ The problem is cost as well as access. The east side of Cleveland has lots of fiber cable deployed but it's not connected to the residences it passes; nor could most residents pay for it.²⁴ Ohio lawmakers have proposed a grant program (House Bill 13) and given CARES act funds for broadband development. Ohio will also host a small test site for SpaceX's new satellite wireless service.²⁵ More is needed on a systematic basis to phase in state-wide development quickly, and to fund access and non-infrastructure assistance needed in terms of affordability, technical skills and budget-friendly internet devices.

Increase mobility, expand opportunity

Recommendation: \$150 million for public transit and transportation alternatives

Agency: Ohio Department of Transportation

Line items: 775470 and 775422

Over the last several decades, nearly all our state's multi-billion dollar transportation budget has gone toward roads and highways, creating a transportation system that makes it very difficult to get by without a car. However, cars are expensive to own, operate and maintain. For Ohioans with low incomes, cars are often prohibitively expensive. For elderly people and people with disabilities, driving may not be an option at all. Transportation barriers to jobs, education and training, health care, and retail stores foster a racial, health and economic divide in this state, by limiting access to employment, opportunity and good health.

In the FY2020-2021 Transportation Budget, Ohio legislators took a step in the right direction, increasing General Revenue Fund investment to \$70 million per year. The Ohio Department of Transportation's Transit Needs Study (2015)²⁶ suggested that the state should support a full 10% of Ohio's \$1.84 billion annual public transportation cost. MOVE Ohio, the transit coalition, supports \$150 million in general revenue funds in 2022 and 2023 and also encourages the use of flexible federal highway funds for public transit alternatives in addition to the \$70 million already funded.

Give people who are underpaid an income boost

Recommendation: Direct \$207 million to rebalance Ohio's unfair tax structure with an improved EITC

Lawmakers could help 748,000 Ohioans with low incomes by adding a refundable option to the state Earned Income Tax Credit (EITC). This would allow them to receive the share of their state EITC that is greater than their income tax liability. The state should retain the current non-refundable, 30% EITC and add a refundable option at 10% of the federal EITC. Claimants could choose the option that works best for them. This policy would help the families with the lowest incomes who pay little in income taxes but disproportionately high shares of their income in other flat state and local taxes.²⁷

Notes

- 1 The Ohio Statewide Transit Needs Study estimated that “the network of transit systems in Ohio needs to provide an additional 37.5 million public transportation trips over current levels to serve unmet demand. To meet this need, Ohio should invest more resources in both transit capital (vehicles, shelters, etc.) and operations.” <https://bit.ly/3p1yTEA>
- 2 Petrik, Will, “Bolster support for child care to stabilize Ohio,” Policy Matters Ohio, July 9, 2020 at <https://bit.ly/38eunfc>
- 3 See “Officials Tout H2Ohio Efforts, Hope For Continued Budget Support,” (December 14) and “Investments In Last Budget To Continue In Next, Governor Says,” (December 11) in Gongwer Ohio statehouse newsletter (behind paywall).
- 4 Preliminary directors letter from Chancellor John Carey to Director Tim Keen, referenced in “New Chancellor expects collaboration on Workforce Development,” Gongwer news, January 3, 2019 at <http://www.gongwer-oh.com/public/133/DHE20-21.pdf>
- 5 Jackson, Victoria, “Testimony on higher education funding in HB 166 before the Senate Finance Committee,” Policy Matters Ohio, June 12, 2020 at <https://bit.ly/3r2X0oh>
- 6 See “Perry Preschool Project,” Social Programs that Work, accessed on Dec 1, 2020, <https://bit.ly/2LdhiLs>. Heckman, James, “13% ROI Research Toolkit,” accessed on Dec 1, 2020, <https://bit.ly/3oseVTh>
- 7 Glover, Jason, Redmond, Dan, & Vitale, Alexandra, Greenbook, “Legislative Budget Office (LBO) Analysis of Enacted Budget, Department of Education,” September 2019, <https://bit.ly/3oKD5ZY>
- 8 “State of Preschool 2019: Ohio,” The National Institute for Early Education Research, <https://bit.ly/3fOD3wm>
- 9 Analysis based on 2019 count of 4-year-olds in Ohio (142,081), “Child population by single age in Ohio,” Kids Count Data Center, The Annie E. Casey Foundation, accessed on Dec 8, 2020, <https://bit.ly/3m7jyk2>; national average of 4-year-olds enrolled in public preschool from “State of Preschool 2019, Executive Summary,” The National Institute for Early Education Research, accessed on Dec 8, 2020, <https://bit.ly/3qH5KAN>
- 10 A Medicaid provider tax known as the Managed Care Organization (MCO) tax was placed in the base of the sales tax in 2009 and distributed to counties based on residence of Medicaid enrollees. The state moved this tax to the base of the insurance tax in 2018. The change left counties, and transit agencies that levied a sales tax, with an annual loss of millions of dollars. The state provided replacement funds in the budget for 2018-19 at a level comparable to annual MCO tax revenues state-wide. Lawmakers gave extra funds to some counties and transit agencies with the least capacity to replace lost revenues from local sales or property taxes. The transition fund was not renewed in the budget for 2020-21. See Patton, Wendy, Ohio’s 2020-21 budget, Policy Matters Ohio, November 7, 2019 at <https://bit.ly/2K6sdXc>
- 11 Wines, Michael, “Flint Is in the News, but Lead Poisoning Is Even Worse in Cleveland,” New York Times, March 3, 2016 at <https://nyti.ms/37a5qSQ>. See also Coulton, Claudia, Francisca Garcí a-Cobia n Richter, Youngmin Cho, Jiho Park, & Robert Fischer, “Downstream Consequences of Childhood Lead Poisoning: A Longitudinal Study of Cleveland Children from Birth to Early Adulthood,” Case Western University, Center on Urban Poverty and Community Development, June 2020 at <https://bit.ly/2KjJ1tc>
- 12 Memo from Jacquelyn Schroeder, Senior Budget Analyst with the Ohio Legislative Service Commission to the Hon. Senator Peggy Lehner, “Lead poisoning prevention funding,” June 18, 2020 (R-133-3916).
- 13 Ohio Children’s Budget Coalition policy brief on lead poisoning at <https://bit.ly/3hm77Af>.

14 Higgs, Rober, "Cleveland hires CWRU researchers to watchdog efforts to eradicate lead in city's housing," Cleveland.com, March 25, 2020 at <https://bit.ly/3mgGDkm>

15 Dissell, Rachel, "Cleveland lead-safe law could drive up rents, cost property owners \$128.5 million to comply, analysis says," Cleveland.com, August 8, 2019 at <https://bit.ly/3n7P5DP>

16 Higgs, Robert, "Cleveland City Council approves \$5M to help landlords tackle lead paint problems in dwellings," cleveland.com, August 12, 2020 at <https://bit.ly/37g9t00>

17 Memo from Jacquelyn Schroeder to Senator Lehner, Op.Cit.

18 Schochet, Leila, "The Child Care Crisis is Keeping Women Out of the Workforce," Center for American Progress, March 2019, <https://ampr.gs/2O4Z7FW>

19 "Annual Report on the Kindergarten Readiness Assessment: Fall 2018 Administration," Office of Early Learning and School Readiness, Ohio Department of Education, September 2019, <https://bit.ly/3ollbY0>

20 Economic Policy Institute Basic Family Budget Calculator at <https://www.epi.org/resources/budget/>

21 Giannarelli, Linda, Adams, Gina, Minton, Sarah, and Dwyer, Kelly, "What If We Expanded Child Care Subsidies? A National and State Perspective" Urban Institute, June 14, 2019, <https://urban.is/2HxHVqc>

22 "Ohio Broadband Effort," Buckeye Hills Regional Council, Executive Summary at <https://bit.ly/346ixTn>

23 Callahan, Bill, "COVID-19 makes tearing down nation's digital barriers more urgent," Policy Matters Ohio, 4/3/20 at <https://bit.ly/3a3JUB7>

24 E-mailed communication with Mark Shannahan of New Morning Energy, 11/13/2020 based on analysis of ConnectOhio Maps (<https://bit.ly/3mfRLOO>)

25 Ohio will get a small demonstration program of the SpaceX SpaceLink program, funded by the FCC; this may be part of the solution, though up-front costs of the service would be prohibitively expensive for low-income households. See Knight, Cameron, "SpaceX's Starlink satellite internet will get a test run in Ohio," Cincinnati Enquirer, December 16, 2020 at <https://bit.ly/2K194WD>

26 Ohio Department of Transportation Transit Needs Study, 2015, at <https://bit.ly/2KkbqQ9>

27 Ibid.